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Secretary

Three Empire State Plaza, Albany, NY 12223-1350  
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July 19, 2016

Ms. Kathleen Burgess, Secretary  
New York State Public Service Commission  
3 Empire State Plaza  
Albany, NY 12223-1350

RE: Case 07-M-0548 – Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard.

Dear Secretary Burgess:

In its February 26, 2015 Order,<sup>1</sup> the Commission required Staff to work with the utilities and NYSERDA to identify the most efficient way to report and track the commitments associated with the 2012-2015 Energy Efficiency Portfolio Standard (EEPS 2) and the period of time over which these commitments would be allowed to be converted to achievements to count toward EEPS 2 shareholder incentives.

Staff, in consultation with the utilities and NYSERDA, through the E<sup>2</sup> Working Group, developed EE-12: EEPS 2 Audit Plan, which establishes reporting requirements and a schedule for completing EEPS 2 commitments as well as a process through which Staff will conduct an audit to verify EEPS 2 performance associated with the EEPS 2 shareholder incentives.

In accordance with the Commission's February 26, 2015 Order, EE-12: EEPS 2 Audit Plan is enclosed herein, has been posted to the Department's website, and is effective.

Sincerely,

/s/

Christina Palmero

Director

Office of Clean Energy

Enc.

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<sup>1</sup> Case 14-M-0101, Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, Order Adopting Regulatory Policy Framework and Implementation Plan (issued February 26, 2015).

<b>EE-12: EEPS 2 Audit Plan</b>	
<b>New York State Department of Public Service Office of Clean Energy Energy Efficiency Guidance</b>	
<b>Approval: Tina Palmero</b>	<b>Title: Director, Office of Clean Energy</b>
<b>Original Issuance Date: 2016-07-19</b>	<b>Effective Date: 2016-07-19</b>

## **I. Purpose:**

This Energy Efficiency Guidance document is developed to provide guidance to the Office of Clean Energy (OCE) Staff and to the Program Administrators (PAs) regarding the manner in which OCE Staff intends to audit the performance of programs implemented during the second phase of the Energy Efficiency Portfolio Standard (EEPS 2) and to outline additional reporting requirements associated with the audit.<sup>1</sup>

Energy Efficiency Guidance documents are developed to clarify energy efficiency program issues and to provide guidance for PAs and OCE Staff in consistently interpreting and uniformly applying Public Service Commission Orders.

All Energy Efficiency Guidance documents are in effect until revised, rescinded or superseded.

## **II. Guidance:**

The reports outlined in the guidance below must be filed with the Secretary in Case 07-M-0548. In instances where a PA determines that a filing includes confidential information, the PA may file in accordance with the Department's process established for confidential filings.

### ***Committed Projects:***

On April 15, 2016, for each program, the utilities must file information regarding all EEPS 2 projects committed as of December 31, 2015 as well as the date by which all committed projects are expected to be completed. In order for a project to be considered committed, the utility must have received the application, signed contract or commitment to proceed by December 31, 2015.<sup>2</sup> Applications, signed contracts and commitments to proceed received after December 31, 2015 will be attributed to the post-2015 programs.

<sup>1</sup> The reporting requirements outlined here are in addition to the EEPS reporting requirements defined in Guidance Document EE-10: Reporting Requirements.

<sup>2</sup> In certain circumstances, Staff may determine that an exception to the December 31, 2015 deadline is appropriate for EM&V activities that a PA has planned but for which the PA has not yet completed the contract process. A PA must contact Staff to discuss the need for an exception and, if Staff determines that an exception is appropriate, the PA must include a comment noting the exception and the associated funding amount in the Q4/2015 Evaluation Report filed through the EEPS Reporting System.

On June 3, 2016, for each program, NYSERDA must file information regarding all EEPS 2 projects committed as of February 29, 2016 as well as the date by which all committed projects are expected to be completed. In order for a project to be considered committed, NYSERDA must have received the application, signed contract or commitment to proceed by February 29, 2016.<sup>3</sup> Applications, signed contracts and commitments to proceed received after February 29, 2016 will be attributed to the post-EEPS programs.

The information<sup>4</sup> provided for each project must include the following:

- A unique identifier;
- Service street address;
- Service city;
- Service ZIP code;
- Account number;
- Meter number;
- Rate classification;
- Program application date; and
- Application approval date.<sup>5</sup>

Utilities will complete any EEPS 2 projects committed as of December 31, 2015 within two years. This two year deadline is applicable to all expenditures, including Evaluation, Measurement and Verification (EM&V). NYSERDA is encouraged to complete EEPS2 projects committed as of February 29, 2016 within a two year timeframe, however due to the nature of some programs in NYSERDA's portfolio resulting in longer pipelines NYSERDA will complete all EEPS 2 projects within 4 years. This 4 year deadline is applicable to all expenditures, including EM&V.

### ***EEPS 1 and EEPS 2 Collections:***<sup>6</sup>

On April 15, 2016, utilities will file the following information for its electric and/or gas portfolio:

- Total Authorized<sup>7</sup> EEPS Collections;
- Total EEPS Collections transferred to NYSERDA through December 31, 2015;
- Total EEPS Collections to be transferred to NYSERDA after December 31, 2015;

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<sup>3</sup> In accordance with the One Commissioner Order Extending Clean Energy Programs issued December 11, 2015 and the Confirming Order issued December 17, 2015 in cases 03-E-0188, 07-M-0548, 10-M-0457, and 14-M-0094, NYSERDA EEPS programs were extended to February 29, 2016.

<sup>4</sup> With the exception of the unique identifier, the data variables listed here are as defined in the August 2013 version of the New York Evaluation Plan Guidance for EEPS Program Administrators, Appendix B: Data to be Collected for Program Evaluation Purposes (pages 22-28).

<sup>5</sup> For purposes of this audit plan, the application approval date is intended to capture the date on which the PA committed to fund the project. As the definition of this milestone may differ across program-types, PAs must provide a definition of the Application approval date field for each program.

<sup>6</sup> EEPS Collections refers to the System Benefit Charge (SBC) Collections associated with EEPS 1 and 2 programs, including NYSERDA programs.

<sup>7</sup> Authorized collections are defined to be those collections for which the Commission authorized the company to collect from customers.

- Total EEPS Expenditures (including EM&V) through December 31, 2015;
- Total EEPS Encumbrances (including EM&V) as of December 31, 2015; and
- The Net Balance of Unspent/Unencumbered EEPS Collections.<sup>8</sup>

	Electric	Gas
Total Authorized EEPS Collections		
Total EEPS Collections transferred to NYSERDA through 12/31/15		
Total EEPS Collections to be transferred to NYSERDA after 12/31/15		
Total EEPS Expenditures through 12/31/15		
Total EEPS Encumbrances as of 12/31/15		
Net Balance of Unspent/Unencumbered EEPS Collections		

Within 180 days of the completion of all EEPS 2 projects, and no later than June 30, 2018 a utility must file a final account of the EEPS encumbrances reported as of 12/31/2015 for its electric and/or gas portfolio. The final account of the EEPS Encumbrances must include:

- Total Encumbrances as of December 31, 2015;
- Total EEPS Expenditures after December 31, 2015; and
- The Net Balance of Additional Unspent/Unencumbered EEPS Funds.<sup>9</sup>

	Electric	Gas
Total EEPS Encumbrances as of 12/31/2015		
Total EEPS Expenditures after 12/31/2015		
Balance of Additional Unspent/Unencumbered EEPS Funds		

### ***Reported Performance:***

Within 180 days of completing the EEPS 2 projects within a program, and no later than June 30, 2018 for utilities and August 31, 2020 for NYSERDA, a PA must file a program close letter (Appendix 1) to Staff. After the program close letter is filed, Staff will request the program- and project-level data for up to 10% of the months (or quarters for EM&V expenditures) for which the program reported savings and/or expenditures, and PAs will have 90 days to provide the data to Staff. Staff will review and compare the project level details and financial records to the savings and expenditures reported through the EEPS Reporting Application. In addition, Staff will verify the project savings claimed against the savings in the Technical Resource Manual (TRM), as applicable. If Staff determines that there are substantial discrepancies between the program- and project-level data and reported savings and expenditures and/or reported measure savings and savings in the TRM, Staff may expand its review beyond the initial scope and may determine appropriate adjustments to be made to the reported performance. For the months and quarters included in the program audit, the PA must provide the following program information:

<sup>8</sup> The Net balance of Unspent/Unencumbered EEPS Collections equals the Total Authorized EEPS Collections minus the sum of EEPS Collections Transferred to NYSERDA, EEPS Expenditures and EEPS Encumbrances.

<sup>9</sup> The Balance of Additional Unspent/Unencumbered EEPS Funds equals the EEPS Encumbrances as of 12/31/2015 minus EEPS Expenditures after 12/31/2015.

- Program name;
- Program type (electric or gas); and
- Record of Expenditures, to include:
  - Invoice/financial Record Number;<sup>10</sup>
  - Date;
  - Dollar Amount; and
  - Budget Category.

In addition to program-level information, the PA must also provide the following project-level information<sup>11</sup> for the months included in the program audit:

- A unique identifier;
- Service street address;
- Service city;
- Service ZIP code;
- Account number;
- Meter number;
- Rate classification;
- Site-specific primary NAICS;
- Building type/dwelling type;
- Program application date;
- Application approval date;
- Rebate payment date;
- Measure-project name;
- Measure description;
- Measure quantity;
- Unit description;
- Rebate amount per unit;
- Effective useful life (EUL);
- Measure resource cost (including installation) per unit;
- Estimated gross first-year annual MWh savings per unit;
- Estimated gross first-year NYISO peak MW savings per unit; and
- Estimated gross first-year annual Dth savings per unit.

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<sup>10</sup> Staff will request the documentation for a subset of the invoices and/or financial records.

<sup>11</sup> Data variables as defined in the August 2013 version of the New York Evaluation Plan Guidance for EEPS Program Administrators, Appendix B: Data to be Collected for Program Evaluation Purposes (pages 22-28).

***NYSERDA 2016 EEPS Commitments & Encumbrances:***

Within 180 days of the completion of all EEPS 2 projects, and no later than August 30, 2020, NYSERDA must file a final account of the savings and expenditures attributable to the EEPS 2 commitments and encumbrances that occurred between January 1, 2016 and February 29, 2016 for its electric and gas portfolios.

[PA Name] submits this letter to notify the Commission and DPS staff that the following program(s) are no longer active. [PA Name] has completed all committed projects and encumbrances for [this/these] program(s) and the table below provides the final program and administration funds summary for the program(s).

**Completed Program Summary – Program & Administration Funds Remaining**

Program	Phase	Program & Administration Funds			Date Completed
		Approved Budget	Total Expenditures	Unspent Budget	

Please update the EEPS Reporting Application to reflect the fact that this phase of the program has ended.

Thank you,